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Message Text

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46
ACTION ACDA-10

INFO OCT-01 ARA-06 EUR-12 EA-06 IO-10 ISO-00 ACDE-00

USIE-00 SSO-00 NSCE-00 INRE-00 CIAE-00 H-02 INR-07

L-02 NSAE-00 OIC-02 OMB-01 PA-01 PM-03 PRS-01 SAJ-01

SAM-01 SP-02 SS-15 TRSE-00 DODE-00 NSC-05 BIB-01

NRC-05 OES-03 XMB-02 FRB-03 CIEP-01 EB-07 COME-00

NEA-10 AF-06 AID-05 /131 W
---------- 092123
O R 191340Z MAY 75
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 3029
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY MEXICO
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION USUN NEW YORK
USMISSION IAEA VIENNA
USMISSION NATO
ERDA GERMANTOWN

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E.O. 11652: N/A
TAGS: PARM
SUBJECT: NPT REVCON: NUCLEAR EXPORT CREDIT FINANCING

1. OUR INTERESTS IN PROPOSED POLICY OF HAVING NPT
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ADHERENCE TAKEN INTO ACCOUNT IN FUTURE DECISIONS ON

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GOVERNMENT-BACKED CREDIT FINANCING OF NUCLEAR EXPORTS
ARE PARTLY FOR PURPOSES OF REVCON AND SATISFYING PRESENT
NPT PARTIES THAT TREATY IS IN THEIR COMMERCIAL INTEREST,
BUT ALSO FOR PURPOSES OF INCREASING THE INCENTIVE FOR
NON-PARTIES, SUCH AS JAPAN, SPAIN, SOUTH AFRICA, ETC.
TO JOIN THE TREATY.

2. FOR PURPOSES OF PRESENT CONFERENCE, NEXT TWO WEEKS
PROMISE CONSIDERABLE WRANGLING OVER NECESSARILY
INTRANSIGENT POSITION OF US ON NEGATIVE SECURITY ASSURANCES,
CTB, ACCELERATION OF START OF SALT NEGOTIATIONS ON
REDUCTIONS, AND ARTICLE V. ONLY AREA WHERE SOME POSITIVE
US ACTION TO MAKE TREATY MORE ATTRACTIVE APPEARS REALISTIC
IS IN ARTICLE IV AREA, WHERE A KEY PROBLEM FOR RECIPIENTS
IS OBTAINING CREDIT FINANCING OF THEIR NUCLEAR
IMPORTS.

3. CURRENT WEO DRAFT OF FINAL DECLARATION INCLUDES
RECOMMENDATION "THAT IN REACHING ANY DECISIONS ON THE
PROVISION OF NUCLEAR MATERIALS, EQUIPMENT AND TECHNOLOGY,
ON FINANCIAL ARRANGEMENTS, AND ON THE FURNISHING OF TECHNICAL
ASSISTANCE IN THE NECLEAR FIELD, SUPPLIER STATES SHOULD
GIVE PARTICULAR WEIGHT TO ADHERENCE TO THE TREATY BY
RECIPEINT STATES." DELEGATION REQUESTS AUTHORITY TO
SUPPORT THIS RECOMMENDATION. WE DO NOT BELIEVE THAT DOING
SO WOULD PUT US ON A SLIPPERY SLOPE, SINCE WE WILL HAVE
THE SUPPORT OF OTHER SUPPLIER STATES AGAINST BEING PUSHED
TOO FAR, AND IT IS CLEAR TO ALL THAT THE CONSENT OF SUCH
STATES IS NECESSARY FOR ANY RECOMMENDATION ON THIS SUBJECT
TO HAVE ANY PRACTICAL EFFECT.

4. DELEGATION BELIEVES THAT THE DECISION ON WHETHER OR NOT
TO LICENSE A NUCLEAR EXPORT IS DIFFERENT IN KIND FROM A
DECISION ON WHETHER OR NOT TO PROVIDE CREDIT
FINANCING FOR SUCH EXPORT. IN THE FIRST CASE WE
UNDERSTAND THE ISSUE TO BE WHETHER SUCH EXPORT IS
PERMISSIBLE UNDER OUR ATOMIC ENERGY LAWS -- I.E., WHETHER
IT IS COVERED BY AN APPROPRIATE AGREEMENT FOR COOPERATION
AND CAN BE DETERMINED NOT TO BE INIMICAL TO THE COMMON
DEFENSE AND SECURITY OR TO PUBLIC HEALTH AND SAFETY. IN
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DECISING WHETHER OR NOT TO GRANT EXPORT CREDIT FINANCING,
ON THE OTHER HAND, THE ISSUE IS WHETHER WE WISH TO PROMOTE,
ENCOURAGE, AND FACILITATE THE PARTICULAR EXPORT IN QUESTION.
THE DISTINCTION IS SIMILAR TO THAT OF A PARENT WHO WOULD
NOT REFUSE TO PERMIT HIS SON TO BUY AN ALFA ROMEO
IF HE COULD DO SO OUT OF HIS OWN RESOURCES, BUT WOULD NOT
LEND HIM THE MONEY TO DO SO.

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5. EE DRAFT DECLARATION INCLUDES RECOMMENDATION THAT INCREASED AMOUNTS OF UNDP FUNDS BE MADE AVAILABLE FOR NUCLEAR ASSISTANCE WITH PREFERENCE FOR NPT PARTIES. DELEGATION IS OF IMPRESSION THAT ALLOCATION OF UNDP FUNDS DEPENDS UPON PRIORITIES SPECIFIED BY RECIPIENT COUNTRIES; THAT THERE ARE LEGAL OBSTACLES TO FAVORING A SPECIAL GROUP OF STATES (SUCH AS NPT PARTIES); AND HENCE THAT FOREGOING RECOMMENDATION IS UNWORKABLE. PLEASE CONFIRM OR CORRECT THIS IMPRESSION ASAP, AND PROVIDE ANY BACK-UP ARGUMENTS YOU THINK WE SHOULD USE.

6. SEVERAL DRAFTS ON ARTICLE IV ALSO CALL FOR PREFERENTIAL TREATMENT OF NPT PARTIES IN NUCLEAR EXPORTS. WOULD APPRECIATE ADVICE ON WHETHER THIS WOULD PRESENT PROBLEM IN CONNECTION WITH OUR GATT OR MOST FAVORED NATION COMMITMENTS, AND IF SO, A BRIEF DESCRIPTION WE COULD USE OF THE NATURE AND EXTENT OF SUCH PROBLEMS.
DALE

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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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